

EXHIBIT 5

Financial Statements and Report of
Independent Certified Public Accountants

Georgia Tech Research Corporation

June 30, 2008

Georgia Tech Research Corporation

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Audit • Tax • Advisory

Grant Thornton LLP
245 Peachtree Center Avenue, Suite 300
Atlanta, GA 30303-1257
T 404.330.2000
F 404.330.2047
www.GrantThornton.com

Report of Independent Certified Public Accountants

To the Board of Trustees of
Georgia Tech Research Corporation:

We have audited the accompanying financial statements of the business-type activities and each major fund of the **Georgia Tech Research Corporation** (the Research Corporation), a component unit of the State of Georgia, as of and for the year ended June 30, 2008, which collectively comprise the Research Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Research Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Research Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Research Corporation as of June 30, 2008, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



The management's discussion and analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Grant Thornton LLP

Atlanta, Georgia
September 12, 2008

Management's discussion and analysis

Introduction

The Georgia Tech Research Corporation (GTRC) was chartered on April 13, 1937, as the Industrial Development Council, a not-for-profit corporation affiliated with the Georgia Institute of Technology (GIT), a unit of the University System of the State of Georgia. GTRC was established for the purpose of engaging in sponsored research for scientific, literary and educational purposes, or related objectives. On February 9, 1946, the corporate charter was amended and included a provision to change the name from the Industrial Development Council to the Georgia Tech Research Institute (GTRI). On April 6, 1984, Georgia Tech Research Institute amended its corporate charter to change the name to the Georgia Tech Research Corporation.

GTRC serves as the contracting entity for the Georgia Institute of Technology which performs research under the Office of Management and Budget (OMB) Circulars A-21 and A-110.

Effective July 1, 1998, the Georgia Tech Applied Research Corporation (GTARC) was established as a component unit of GTRC. GTARC was organized as the contracting entity for units of the Georgia Institute of Technology performing research under the cost principles of OMB Circular A-122 and Federal Acquisition Regulations (FAR) 31.2.

GTRC, and its component unit, GTARC (hereinafter collectively referred to as GTRC), enter into contracts and grant agreements with various organizations, including Federal agencies, and subcontracts with GIT to provide services in connection with these agreements. As part of the relationship, payments occur between GIT and GTRC for certain sponsored project expenditures and research administration.

In a Memorandum of Understanding (MOU) dated April 1, 1953, the Board of Regents of the University System of Georgia authorized GTRC (then GTRI, Inc.) to serve as the official grantee for all contracts and grants for the conduct of sponsored research at the Georgia Institute of Technology. The MOU also assigned all intellectual property developed through the performance of contracts subcontracted to the Georgia Institute of Technology to GTRC. GTRC is the administrative organization for discoveries, innovations, inventions, patents and copyrights and is responsible for intellectual property management including patenting and licensing. The ongoing objective of GTRC is to provide services to the Institution and, through those services, to enhance the Institution's programs and goals as a research institution.

Description of the Financial Statements

The statement of net assets, statement of revenues, expenses and changes in net assets, and the statement of cash flows are designed to provide information which will assist in understanding the financial condition and performance of GTRC. The net assets are an indicator of GTRC's financial health. Over time, increases or decreases in net assets are another measure of the changes in GTRC's financial condition when considered with other non-financial facts.

The statement of net assets presents the assets, liabilities and net assets of GTRC.

The statement of revenues, expenses and changes in net assets presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. The financial reporting model classifies investment earnings and changes in the fair value of investments as nonoperating revenues. As a result, the financial statements may show operating losses that are then offset by nonoperating revenues from a total financial perspective.

The statement of cash flows presents information in the form of cash inflows and outflows summarized by operating, capital and related financing activities, and investing activities.

Financial Highlights

The condensed statement of net assets is shown below:

June 30	Georgia Tech		2008		2007
	Georgia Tech Research Corporation	Applied Research Corporation	Total Business-type Activities		Total Business-type Activities
	\$	\$	\$	\$	\$
Assets					
Current assets	79,473,904	50,183,614	129,657,518	107,239,493	
Noncurrent assets	1,950,005	-	1,950,005	2,140,244	
Total assets	81,423,909	50,183,614	131,607,523	109,379,737	
Liabilities and net assets					
Current liabilities	65,095,963	18,358,107	83,454,070	68,305,193	
Net assets:					
Invested in capital assets	1,618,331	-	1,618,331	1,669,985	
Unrestricted	14,709,615	31,825,507	46,535,122	39,404,559	
Total net assets	16,327,946	31,825,507	48,153,453	41,074,544	
Total liabilities and net assets	81,423,909	50,183,614	131,607,523	109,379,737	

Current assets increased by \$22,418,025 or 21% from fiscal 2007, due primarily to an increase in cash and cash equivalents. The increase is attributed to increased research revenue and collection of accounts receivable.

Noncurrent assets primarily consist of equipment net of associated accumulated depreciation and investments. This category declined \$190,239 or 9%, primarily due to a decrease in investments and disposal of capital assets.

Current liabilities increased \$15,148,877 or 22%, primarily due to an increase in accounts payable due to GIT for direct research costs incurred.

Net assets represent the difference between GTRC's assets and liabilities. There was an increase of \$7,078,909 or 17%, which can primarily be attributed to increases in operating revenue and investment income which are partially offset by increases in operating expenses.

The condensed statement of revenues, expenses and changes in net assets is shown below:

June 30			2008	2007
	Georgia Tech Research Corporation	Applied Research Corporation	Total Business-type Activities	Total Business-type Activities
	\$	\$	\$	\$
Operating revenue	246,545,715	142,040,560	388,586,275	358,667,705
Operating expenses	(245,401,851)	(137,891,931)	(383,293,782)	(354,699,469)
Income from operations	1,143,864	4,148,629	5,292,493	3,968,236
Nonoperating revenue, net	1,105,769	680,647	1,786,416	1,693,906
Increase in net assets	2,249,633	4,829,276	7,078,909	5,662,142
Net assets, beginning of year	14,078,313	26,996,231	41,074,544	35,412,402
Net assets, end of year	16,327,946	31,825,507	48,153,453	41,074,544

Operating revenues consist primarily of research grant and licensing fees and royalty revenues. During fiscal 2008, operating revenues were up \$29,918,570 or 8%, primarily due to increased research project revenues resulting from an increase from prior year in the number of research projects awarded.

Operating expenses were up \$28,594,313 or 8%, primarily due to increased direct research costs resulting from increased research activity.

Economic Outlook

The Georgia Institute of Technology was awarded over \$446 million in sponsored research awards in fiscal year 2008. The funding has doubled in a decade and, by all measures, GIT's research programs are growing. Indicators including biomedical research, compliance protocols and invention disclosures reflect this expansion. The economic outlook for GTRC is positive.

Statement of net assets

June 30

2008

	Major funds		
	Georgia Tech Research Corporation	Applied Research Corporation	Total Business-type Activities
	\$	\$	\$
Assets			
Current assets:			
Cash and cash equivalents	38,796,560	18,861,273	57,657,833
Accounts receivable:			
Research contracts – Billed	17,278,090	16,312,651	33,590,741
Research contracts – Unbilled	23,731,032	17,609,536	41,340,568
Other receivables	361,498	-	361,498
Less – Allowance for doubtful accounts	(1,108,096)	(2,228,257)	(3,336,353)
Net accounts receivable	40,262,524	31,693,930	71,956,454
Due from (to) component unit	371,589	(371,589)	-
Prepaid expenses	43,231	-	43,231
Total current assets	79,473,904	50,183,614	129,657,518
Noncurrent assets:			
Investments	331,674	-	331,674
Capital assets, net	1,618,331	-	1,618,331
Total noncurrent assets	1,950,005	-	1,950,005
Total assets	81,423,909	50,183,614	131,607,523
Liabilities and net assets			
Current liabilities:			
Accounts payable:			
Georgia Institute of Technology	30,213,852	14,353,833	44,567,685
Other	1,019,525	1,282,850	2,302,375
	31,233,377	15,636,683	46,870,060
Deferred research contract revenue	33,862,586	2,721,424	36,584,010
Total current liabilities	65,095,963	18,358,107	83,454,070
Net assets:			
Invested in capital assets, net of related depreciation	1,618,331	-	1,618,331
Unrestricted	14,709,615	31,825,507	46,535,122
Total net assets	16,327,946	31,825,507	48,153,453
Total liabilities and net assets	81,423,909	50,183,614	131,607,523

Statement of revenues, expenses and changes in net assets

For the year ended June 30

2008

	Major funds		
	Georgia Tech Research Corporation	Applied Research Corporation	Total Business-type Activities
	\$	\$	\$
Operating revenues:			
Research contracts	239,181,645	142,038,810	381,220,455
Licenses and royalties	2,375,115	-	2,375,115
Lease income	4,988,490	-	4,988,490
Other	465	1,750	2,215
Total operating revenue	246,545,715	142,040,560	388,586,275
Operating expenses:			
Research contract costs	226,753,949	136,310,247	363,064,196
Depreciation	411,744	-	411,744
Administrative and general expenses	3,914,443	1,398,552	5,312,995
Licenses and royalties expenses	2,969,240	-	2,969,240
Lease expenses	4,988,490	-	4,988,490
Payments to or on behalf of Georgia Institute of Technology	6,363,985	183,132	6,547,117
Total operating expenses	245,401,851	137,891,931	383,293,782
Income from operations	1,143,864	4,148,629	5,292,493
Nonoperating revenue (expense):			
Interest income	1,181,428	680,647	1,862,075
Unrealized loss on investments	(138,593)	-	(138,593)
Donated assets	80,000	-	80,000
Loss on disposal of equipment	(17,066)	-	(17,066)
Total nonoperating revenue, net	1,105,769	680,647	1,786,416
Increase in net assets	2,249,633	4,829,276	7,078,909
Net assets, beginning of year	14,078,313	26,996,231	41,074,544
Net assets, end of year	16,327,946	31,825,507	48,153,453

Statement of cash flows

For the year ended June 30

2008

	Major funds		
	Georgia Tech Research Corporation	Applied Research Corporation	Total Business-type Activities
	\$	\$	\$
Cash flows from operating activities:			
Receipts from grantors	234,318,661	142,342,877	376,661,538
Receipts of license fees and royalties	2,281,136	-	2,281,136
Receipts from leasee	4,988,490	-	4,988,490
Miscellaneous receipts	34,137	2,940	37,077
Payments for licenses and royalties	(2,969,240)	-	(2,969,240)
Payments for leases	(4,988,490)	-	(4,988,490)
Payments to or on behalf of Georgia Institute of Technology	(6,363,985)	(183,132)	(6,547,117)
Payments to suppliers	(223,545,649)	(132,624,259)	(356,169,908)
Net cash provided by operating activities	3,755,060	9,538,426	13,293,486
Cash flows from capital and related financing activities			
Purchase of capital assets	(297,164)	-	(297,164)
Net cash used in capital and related financing activities	(297,164)	-	(297,164)
Cash flows from investing activities:			
Investment income	1,181,428	680,647	1,862,075
Net cash provided by investing activities	1,181,428	680,647	1,862,075
Net increase in cash and cash equivalents	4,639,324	10,219,073	14,858,397
Cash and cash equivalents, beginning of year	34,157,236	8,642,200	42,799,436
Cash and cash equivalents, end of year	38,796,560	18,861,273	57,657,833
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	1,143,864	4,148,629	5,292,493
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	411,744	-	411,744
Provision for bad debt	400,000	-	400,000
Changes in assets and liabilities:			
Accounts receivable	(8,241,061)	305,257	(7,935,804)
Due from component unit	35,227	(35,227)	-
Prepaid expenses	(23,824)	-	(23,824)
Accounts payable to Georgia Institute of Technology	7,803,069	3,374,845	11,177,914
Accounts payable other	(680,326)	1,282,824	602,498
Deferred revenues	2,906,367	462,098	3,368,465
Net cash provided by operating activities	3,755,060	9,538,426	13,293,486
Schedule of noncash investing activity - Decrease in fair value of investments			
	(138,591)	-	(138,591)
Schedule of noncash capital and related financing activity - Donated assets			
	80,000	-	80,000

Notes to financial statements

1 Description of Organization

The Georgia Tech Research Corporation (GTRC) was chartered on April 13, 1937, as the Industrial Development Council, a not-for-profit corporation affiliated with the Georgia Institute of Technology (GIT), a unit of the University System of the State of Georgia. GTRC was established for the purpose of engaging in sponsored research for scientific, literary and educational purposes, or any one or more of any such stated purposes. On February 9, 1946, the corporate charter was amended and the name was changed to the Georgia Tech Research Institute, Inc. (GTRI). On April 6, 1984, GTRI amended its corporate charter to change its name to Georgia Tech Research Corporation.

Effective July 1, 1998, the Georgia Tech Applied Research Corporation (GTARC) was established as a component unit of GTRC. GTARC was organized as the contracting entity for units of the Georgia Institute of Technology performing research under the cost principles of OMB Circular A-122 and Federal Acquisition Regulations (FAR) 31.2.

GTRC and its component unit, GTARC (collectively hereinafter referred to as GTRC), enter into contracts and grant agreements with various organizations, including Federal agencies, and subcontracts with GIT to provide services in connection with these agreements. GTRC is largely a conduit organization, subcontracting performance of all contracts it enters into to GIT. As such, GTRC is an affiliated entity of GIT. As part of the relationship, transfers of funds occur between GIT and GTRC for certain sponsored project expenditures and research administration.

In accordance with Statement No. 14, as amended by Statements No. 34 and 39 of the Governmental Accounting Standards Board (GASB), GTRC and GTARC are considered part of the same reporting entity (GTRC), since they are fiscally interdependent. Accordingly, the accompanying financial statements for GTRC present the individual financial statements of GTRC and GTARC as major funds. In addition, the accompanying financial statements present a total column which represents the entity-wide financial statements of GTRC. Transactions and balances between GTRC and GTARC are eliminated in the entity-wide financial statements.

The State of Georgia, the Board of Regents of the University System of Georgia, and the Georgia Institute of Technology follow Governmental Accounting Standards Board (GASB) Statement No. 39, "Determining Whether Certain Organizations are Component Units, an amendment of Statement No. 14." The State of Georgia has determined that Georgia Tech Research Corporation is significant to the State of Georgia for the year ended June 30, 2008, and as such, is a discretely presented component unit in the Comprehensive Annual Financial Report of the State of Georgia (CAFR).

2 Significant Accounting Policies

The financial statements of GTRC have been prepared in conformity with accounting principles generally accepted in the United States of America and in accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds, and other Governmental Entities that use Proprietary Fund Accounting," and GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." GTRC follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, that do not conflict with GASB pronouncements. The following is a summary of certain significant accounting policies followed in the preparation of the financial statements:

Revenue

The majority of GTRC's revenues are derived from grants and cost reimbursement contracts which provide for the recovery of direct and indirect costs. GTRC recognizes revenue associated with direct and indirect costs as the related costs are incurred for approved research activities. The recovery of indirect costs is generally recorded at fixed rates negotiated with the sponsoring agency. License and royalty revenues are recorded when earned.

GTRC and GTARC classify revenue generated from their normal operational cycle as operating income. Revenue streams such as research grants, licensees and royalties, and lease income are examples of what are considered to be operating revenues. Revenues that are not generated during the normal operating cycles such as interest income, and changes in the fair market value of investments are classified by the entities as nonoperating revenues.

Unbilled Accounts Receivable and Deferred Research Contract Revenue

Unbilled accounts receivable represent costs incurred for approved research activities and charged to projects in excess of amounts invoiced on those projects. Deferred research contract revenue represents amounts invoiced on various projects in excess of costs incurred and charged to those projects.

Overhead Revenue

GTRC receives reimbursement from sponsoring agencies for indirect costs incurred. GTRC retains a portion of the indirect costs which is used for operating expenses, and the remainder, with Trustee approval, is generally granted back to GIT in future periods. The overhead revenue is reported as revenue from research contracts in the accompanying financial statements.

Cash and Cash Equivalents

Cash and cash equivalents are defined as bank deposits and short-term investments with original maturities of less than 90 days. At June 30, 2008, the bank balance was \$10,424,177 and the book balance was \$10,057,833. At times, cash balances may exceed federally insured amounts. GTRC mitigates this risk by depositing and investing cash with major financial institutions and requiring collateral from the financial institution. GTRC has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on cash. At June 30, 2008, bank balances were collateralized by a pool of pledged securities administered under the direction of the Georgia Office of Treasury and Fiscal Services. Cash equivalents are comprised of short-term investments in commercial paper rated A-1+ and P-1 by Standard and Poors and Moody's, respectively, and are stated at cost, which approximates fair value. At June 30, 2008, the fair value of short-term investments was \$47,600,000.

Investments

Investments consist of equity securities which are stated at fair value. Publicly traded companies are valued based on the closing market price on June 30, 2008. Investments for which there is no readily determinable fair value are valued at a nominal amount based on Management's estimate of the fair value.

Major Clients and Concentration of Credit Risk

During the fiscal year ended June 30, 2008, GTRC derived approximately 79% of its revenue from contracts with the U.S. Government. At June 30, 2008, approximately 43% of accounts receivable were from the U.S. Government. Management does not believe these receivables represent significant credit risk at June 30, 2008.

Federal Income Taxes

GTRC is exempt from income taxes as provided by Section 501(c)(3) of the Internal Revenue Code.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is determined by evaluating the prior experience, nature of the contract and credit rating of the sponsor for each contract with an outstanding balance greater than 180 days. Generally, all account balances greater than 180 days are reserved. Changes in the allowance for doubtful accounts for the year ended June 30, 2008, were as follows:

June 30	2008		
	Major funds		
	Georgia Tech Research Corporation	Georgia Tech Applied Research Corporation	Total Business-type Activities
Beginning balance	\$ 922,688	\$ 2,189,459	\$ 3,112,147
Recoveries	20,075	38,798	58,873
Bad-debt expense	400,000	-	400,000
Write offs	(234,667)	-	(234,667)
Ending balance	1,108,096	2,228,257	3,336,353

Capital Assets

Capital assets are capitalized at cost. Donated assets, if any, are recorded at their estimated fair value at the date of the gift. GTRC has established a threshold of \$5,000 for capitalizing equipment. All capitalized assets purchased under the terms of equipment and facilities grants are donated to GIT when fully depreciated. GTRC donated fully depreciated capital assets with an original cost of approximately \$137,970 to GIT during fiscal 2008.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives which range from three to ten years. The straight-line method of depreciation is followed for all capital assets.

Grants to Georgia Institute of Technology

Grants of funds are made from time to time to GIT, as authorized by the Board of Trustees. Pursuant to an agreement between GTRC and the Board of Regents of the University System of the State of Georgia, dated April 1, 1953, GTRC shall hold in trust all unrestricted net assets for GIT who shall use such revenue from time to time and in such manner as the Board of Trustees of GTRC may see fit, for the promotion of research at GIT.

Net Assets

GTRC'S net assets are classified as follows: Invested in capital assets, net of related depreciation, represents GTRC's total investment in capital assets, net of depreciation. Net assets – unrestricted represents resources derived from contracts, grants and fees. These resources are used for the ongoing operations of GTRC and may be used at the discretion of the governing board to meet current expenses for those purposes and to enhance programs at GIT.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3 Investments

GTRC's investments consist of equity securities, which are acquired in exchange for certain licensing fees, and certain short-term investments in commercial paper. Each of these investments are held exclusively in GTRC's name. At June 30, 2008, equity securities and short-term investments totaled \$331,674 and \$47,600,000, respectively. Equity securities and short-term investments are reported as Investments and Cash Equivalents in the Statement of Net Assets, respectively.

Interest Rate Risk

Interest rate risk is the risk that changes of interest rates of debt investments will adversely affect the fair value of an investment. GTRC does not have a formal policy for managing interest rate risk.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, GTRC will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. GTRC does not have a formal policy for managing custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GTRC does not have a formal policy for managing concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. GTRC's investments are not exposed to foreign currency risk as securities in currencies other than the U.S. dollar are not permissible by GTRC.

4 Capital Assets

Following are changes in capital assets for the year ended June 30, 2008:

Description	Balance, June 30, 2007	Increases	Decreases	Balance, June 30, 2008
	\$	\$	\$	\$
Capital assets not being depreciated:				
Construction in progress	-	32,098	-	32,098
Capital assets not being depreciated - Historical treasures and works of art	240,735	-	-	240,735
Total capital assets not being depreciated	240,735	32,098	-	272,833
Capital assets being depreciated:				
Building improvements	21,133	74,100	-	95,233
Computer software	439,715	126,852	-	566,567
Furniture and equipment	3,058,387	144,105	(206,762)	2,995,730
Total capital assets being depreciated	3,519,235	345,057	(206,762)	3,657,530
Less – Accumulated depreciation for:				
Building improvements	(3,056)	(3,348)	-	(6,404)
Computer software	(328,131)	(88,978)	-	(417,109)
Furniture and equipment	(1,758,798)	(319,418)	189,697	(1,888,519)
Total accumulated depreciation	(2,089,985)	(411,744)	189,697	(2,312,032)
Total capital assets, net	1,669,985	(34,589)	(17,065)	1,618,331

5 Lease Commitments

Research Facilities

GTRC is committed to two operating leases with The University Financing Foundation, Inc. for the Cobb County Research Facility and Centennial Research Building. The leases carry successive two-year lease terms that are automatically renewed at prevailing market rates in effect at the time of the renewal. GTRC may cancel either lease upon notice given during July of any lease year to be effective as of June 30 of the then-current lease year.

In connection with these lease agreements, both facilities have been subleased to GIT. The subleases carry successive one-year terms that may be renewed upon notice given at least sixty (60) days prior to the end of the sublease term. The present monthly rental receipts on these subleases for the Cobb County Research Facility and the Centennial Research Building are equivalent to the monthly rental payments.

Institute for BioEngineering and BioSciences Complex

The Complex was developed by Georgia Tech Facilities, Inc. (GTF), formerly Georgia Tech Foundation Facilities, Inc., and funded by the issuance of 30-year, fixed rate, Series B bonds through the Fulton County Development Authority. On December 1, 1997, GTRC agreed to guarantee these bonds by entering into an agreement to lease the Complex from GTF. On April 1, 2008, the Series 1997B Bonds were refunded by the issuance of \$19,900,000 Development Authority of Fulton County Series 2008B Revenue Bonds. In connection with the refunding GTRC guaranteed the 2008B Revenue Bonds and entered into an Amended and Restated Facility Lease Agreement with GTF. The amended and restated lease term expires September 1, 2028, or at such time as the Revenue Bonds are redeemed. GTRC is obligated to pay rent in an amount equal to the principal, premium (if any) and interest on the Series 2008B Bonds Revenue Bonds when due and upon any redemption or acceleration thereunder.

In connection with this lease agreement, GTRC subleased the complex to GIT. The sublease carries successive one-year terms that may be renewed upon notice given at least sixty (60) days prior to the end of the sublease term. The timing and amount of rental payments under the sublease are substantially the same as those under the lease agreement between GTRC and GTF.

GTRC's leases are subleased to GIT. The subleases carry successive one-year terms that may be renewed upon notice given at least sixty (60) days prior to the end of the sublease term. The timing and amount of rental payments under the subleases are substantially the same as those under their corresponding lease agreements between GTRC and third-party lessor.

	Sublease Commitments	Rental Receipts	Net Rental Commitment
	\$	\$	\$
Year ending June 30:			
2009	4,575,852	4,575,852	-
2010	3,496,341	-	3,496,341
2011	3,348,817	-	3,348,817
2012	3,020,449	-	3,020,449
2013	2,967,621	-	2,967,621
2014-2018	9,062,910	-	9,062,910
2019-2023	7,275,636	-	7,275,636
2024-2028	7,274,818	-	7,274,818
	41,022,444	4,575,852	36,446,592

Net rent expense for the year ended June 30, 2008, was computed as follows:

June 30	2008
	\$
Minimum rentals	4,988,490
Less – Sublease rentals – Georgia Institute of Technology	(4,988,490)
Net rent expense	-

6 Contingent Liabilities

As of June 30, 2008, GTRC guaranteed approximately \$109,450 of home mortgages of new research faculty members.

Federal and state funded research projects are subject to special audits. Such audits could result in some allocated costs being disallowed or indirect cost rates adjusted. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time. Management considers the risk of a material settlement resulting from such audits to be remote.